



# STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR  
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
KEVIN W. CONCANNON, DIRECTOR

October 2, 2006

Board of Supervisors  
Linn County Iowa  
Administrative Office Building  
930 First Street Southwest  
Cedar Rapids, Iowa 52404-2161

Dear Mr. Houser, Ms. Barron, and Ms. Langston:

The Department of Human Services (DHS) appreciates the time and effort you and your MHDD staff have put forth in the effort to assure that the State Payment Program (SPP) clients are adequately funded in your county. It is the intent of the Department of Human Services to do everything in our power to make this transition as 'seamless' as possible and to equalize the access to services for persons with disabilities despite the funding source.

Staff within the Department of Human Services have worked diligently to gather pertinent information in order to make the most informed decision as to whether there is enough funding within the parameters of the State Payment Program to satisfactorily do the administrative transfer to the counties. It is our belief there is adequate funding available to make the transfer.

We, too, do not want a 'two-tiered' system based on whether an individual has a county of legal settlement or not. But, in reality, we want to mitigate many financial expectations from counties, as possible. We will propose language in administrative rules (Chapter 153) to institute a waiting list for State Payment Program clients if the funding for individuals who have no county of legal settlement (State Payment Program clients) becomes fully encumbered.

In the attempt to dispel the 'two-tiered' system, it is our expectation, that your county staff will treat people with no county of legal settlement in a similar fashion as the clients who have Linn County legal settlement. If this means that Linn County may continue to pay for a prescription drug, not available under any other funding program, then the SPP will also pay for that prescription drug. We believe this transfer will equalize access to services for the individuals that are receiving SPP funding.

Again, we thank you and your staff for all you have done. I sincerely hope this letter provides the necessary confirmations you need to proceed with the transfer.

Sincerely,

Kevin W. Concannon  
Director

September 27, 2006

Kevin W. Concannon  
Director, Iowa Department of Human Services  
Hoover State Office Building  
Des Moines, IA 50319

Dear Mr. Concannon:

The Linn County Board of Supervisors met with Linn County MHDD services staff and our legal counsel to discuss the proposed transfer of state payment program cases to counties of residence, effective October 1, 2006.

Our concern is that, while the transfer is authorized by House File 2780, certain financial benchmarks set by the legislature were not met and there should not be any transfer at this time.

Specifically, projected costs of the transfer exceeded the remaining state allocation for the balance of the fiscal year. The shortfall appears to be approximately \$2,186,881. Under the statutory language of House File 2780:

If the aggregate of the amounts determined for each county, as provided in paragraph "c", exceeds the base funding amount determined under paragraph "b", notwithstanding section 331.440, subsection 3A, as enacted by this division of this Act, the department of human services shall retain responsibility for the costs of state case services and other support for persons deemed to be a state case through June 30, 2007. The department shall report to the governor and general assembly on or before December 1, 2006, recommendations to address the funding shortfall.

Having determined that there would be a funding shortfall, DHS has an obligation to maintain responsibility for the program through the remainder of the fiscal year and to address the funding shortfall with the legislature. Instead DHS has made "adjustments" to the numbers (which are not authorized by the statute) and that puts any county at risk for assuming the program at this time.

Attempts have been made on our part to try figure out what assurances there would be, if any, to protect Linn County from a shortfall. The result is the following e-mail from Jim Overland to Craig Wood, our CPC Administrator:

**From:** Overland, Jim  
**Sent:** Tuesday, September 26, 2006 4:42 PM  
**To:** 'Craig Wood'  
**Subject:** SPP Transfer

There have been financial concerns raised around the transfer of SPP cases to county management. Two areas where that concern is the greatest are: First what happens if the state funds run out? The Department will support language to go into the SPP rules (Chapter 153) to the effect that when the encumbrance of funds for SPP cases reaches the level of the available dollars, a waiting list would be established for new cases until closed cases free up enough funds to allow more SPP cases to be added. (Or similar language to accomplish this.) The second area is related to medications. Though we reduced funding for medications in our estimate, these are statewide projections of what we are expecting to see. If a county can not arrange for alternative funding or there is no funding for a specific drug, these costs will remain a service cost for a client and will be included in calculating the quarterly cost for a county. The county will not incur an obligation for the cost of medication.

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This only appears to emphasize that any realistic projection of costs exceeds the remaining state appropriation, and while HF 2780 was intended to eliminate a "two tier" system, the potential for disparate treatment of county residents with state payment status should be obvious.

It is Linn County's position that it has no legal obligation to assume the program at this time. We considered instructing our CPC Administrator to refer any applications for state payment program services back to the Department of Human Services. We would be willing to modify that position and proceed with the transfer on October 1, 2006 but we wish to emphasize that disparate treatment of Linn County residents due to unrealistic budgeting on the part of the state payment program is not an issue we want in front of us before the end of the fiscal year.

Sincerely,